

**Indiana Rural Summit  
November 13, 2006**

**Thomas C. Dorr  
Under Secretary for Rural Development  
Keynote Address**

**Thank you for that very generous introduction. It's great to be back in Indiana. I've spent more time in Indiana this year than in my home state of Iowa.**

**I was here a couple of weeks ago, in Indianapolis, for the FFA National Convention. That was a great couple of days. We're here this morning to talk about the future of rural America, and there's nothing that brings that discussion home more forcefully than attending an event like that.**

**I'm an incurable optimist to begin with -- but for anyone who has any doubts, all you have to do is spend a little time with 50,000 kids in blue jackets who are making positive decisions about their lives, and you'll have your faith renewed.**

**I also had the privilege last May of speaking at the Ethanol Summit at the Speedway. That was a real treat. I've suggested to the White House that**

**we try to get the President out to the 500 next year since it's going to be run entirely on ethanol. I don't know if that will happen, but I'd like to do it.**

**President Bush, as you may know, goes way back with renewable fuels. Texas – not California -- is actually the nation's leading wind energy state thanks to some initiatives then-Governor Bush implemented back in the 1990's. Renewable fuels have been a priority of this Administration since 2001, and we have in fact made more progress on renewables in the last six years than in the previous 30. That's no accident, so getting the President out to the race to help celebrate ethanol is a natural opportunity.**

**It's also great to see Indiana stepping up in this area. Not so long ago, if you looked at a map of ethanol plants in the United States, there was a big hole where Indiana ought to be. But that's ancient history.**

**Indiana has made remarkable strides in the last couple of years toward becoming a leader in biofuels. The Ethanol Summit was emblematic of that, and I want to congratulate Governor Daniels and Lt. Gov. Skillman for their leadership in this area.**

**Indiana is going to be reaping the benefits for many years to come.**

*[PAUSE]*

**Again, I am an incurable optimist about rural America. I believe that we are on the threshold of an era of extraordinary opportunities.**

**For all of us, the challenge is how to assist rural businesses, entrepreneurs, and communities in capitalizing on and profiting from the new technologies and markets that are restructuring rural America today.**

**This is not an abstract discussion – certainly not for me, and I’m sure not for those of you who grew up on a farm or in a farming community.**

**When I graduated from school, for example, I was one of the few – and perhaps the only – member of my class who went to college and returned to Marcus, Iowa, to a family farm.**

**Some left to see the world or because they married a foreigner from Nebraska , Minnesota or South Dakota. Some left because their**

**professional ambitions carried them elsewhere. But far too often – as in thousands of very similar rural communities around the country – they left because Marcus, and towns like it, could not offer them a future.**

**For too many years – indeed for most of the last century – this has been the big economic and social challenge in rural areas. Can rural communities offer opportunity and an attractive quality of life to the next generation?**

**A small minority, of course, will continue to farm. I’m grateful to have had that opportunity in my own life. But 60 million people live in rural America, and 58 million of them DON’T farm. Over 95% of rural income and virtually all the job growth is non-farm. As the Farm Bureau itself put it in last year’s MAPP report, farmers today are themselves far more dependent on rural communities than rural communities are dependent on farmers.**

**Very clearly, the quality of life in rural America today depends on our ability to foster a dynamic, diversified, growing economy that offers opportunity for everyone who calls rural America home.**

**That is the question before us today -- and frankly, it’s a question that is shared by our counterparts around the world. I’m glad to see that Clay**

**Serbie, from Canada, and Richard Wakeford, from Scotland, are with us. I had the opportunity last month in Edinburgh to address an OECD conference on rural investment priorities ...**

**... and I can tell you that the discussions we had there were no different than the ones we are having today at Purdue, or that we might have tomorrow over at Iowa State, down at Georgia Tech, or out in California.**

**There are important differences in regional and national approaches and we can learn from each other. But around the country and around the world, leaders in rural policy are realizing that modern technology and regionalization plus globalization have changed the game in very fundamental ways.**

**So again: Can rural communities offer opportunity and an attractive quality of life to the next generation? My answer -- obviously -- is YES. I'd like to share with you some of the reasons.**

**The three biggest reasons I've already mentioned:**

- **Those 50,000 kids in blue coats -- or more generally the next generation of entrepreneurs and leaders in rural America;**

- Secondly, new technology;
- And third, new markets.

Putting those three ingredients together is the key. If we can do that, at the end of the day we'll be ok. Markets will ultimately drive everything else.

The opportunities are there. About a month ago, for example, USDA and the Department of Energy hosted a conference on renewable energy in St. Louis.

We called it "Advancing Renewable Energy: An American Rural Renaissance." "Rural Renaissance," I submit, is not too strong a phrase:

- Renewable energy is the biggest new opportunity for wealth creation in rural America in our lifetimes, perhaps in history. This year America's bill for oil imports will exceed the total value of every ear of corn, pound of beef, and gallon of milk ... every egg, tomato, and peanut ... every bale of cotton and bushel of wheat grown in the United States ... COMBINED.

If we can displace just one billion barrels of imported oil with biofuels, that's a new market bigger than today's net farm income. Wind and solar offer additional potential for distributed, locally owned production.

**Bottom line, renewable energy is, for the most part, rural energy, and the economic potential for rural America is very, very large.**

- **Biobased products are another example. People often refer to this as the “carbohydrate economy.” That’s a fair term. Just about anything you can make from oil you can make from plants.**

**Add up bioplastics, biochemicals, biopharmaceuticals, and the sky’s the limit. Very clearly, biotechnology, nanotechnology, materials science, and information technology are breaking old barriers and expanding our horizons.**

**USDA’s BioPreferred Program has already identified over 9,000 biobased products from 1,900 manufacturers for possible inclusion. Over the next several decades, the potential market is so large that I would not even know how to go about estimating its size.**

- **Broadband and the information economy are a third example. Rural opportunities historically were limited by the barriers of time and distance. Modern technology changes all that.**

**We now live in a world in which people in Bombay or Shanghai compete with people in Silicon Valley, St. Louis, Chicago, and West Lafayette, Indiana. But competition runs both ways. Every rural business now has access to national and global markets.**

**Large organizations no longer need everyone in one place so that managers can move paper from desk to desk.**

**Both people and businesses have unprecedented flexibility about where to live and work. Rigid centralized structures are increasingly giving way to distributed networks. And all of this spells opportunity for rural communities.**

**As I've said on many occasions, I've yet to see a real estate ad boasting about two hour commutes, sky-high housing costs, congestion, crime, noise, and all the other urban "stuff" that people accept for the sake of a job.**

**Rural communities that can offer good schools, quality health care, and economic opportunity are great places to live. The great news**



**is, modern technology is leveling the playing field in all these areas.**

**That's an extraordinary opportunity for rural America.**

**Once again, the challenge is how to assist rural businesses, entrepreneurs, and communities in capitalizing on and profiting from new technologies and markets. How do we turn a potential into businesses and jobs?**

**In thinking about that challenge, I am reminded of the old saying that "If all you have is a hammer, every problem looks like a nail."**

**All of us enter into this discussion from an institutional perspective, whether that is a government agency, a think tank, a non-profit, a regional planning organization, or a private business.**

**All of us tend to be oriented to the tools we have ... to the hammer in our own hand. I am here representing USDA Rural Development. We are essentially an investment bank with a portfolio of \$94 billion invested in rural infrastructure, housing, community facilities, and businesses.**

**We administer over 40 programs ranging from self-help housing to renewable energy to rural water and wastewater systems. As we never**

**tire of saying, we are the only agency in government that can build an entire community from the ground up.**

**It is traditional, from a government agency point of view, to place the emphasis on programs – and programs DO play a role. I'm very proud for example, that since 2001 we've invested over \$76 billion and created or saved over 1.5 million jobs in rural communities.**

**I'm especially proud of the fact that we've been a leader in bringing new energy technologies to the market, with investments since 2001 of over \$480 million in more than 1,000 ethanol, biodiesel, wind, solar, and other renewable energy and energy efficiency projects.**

**But I would submit to you, as we look at the fundamental structural changes being driven by modern technology and globalization, that this traditional, 70 year old program orientation is clearly no longer sufficient.**

**I need to say that upfront because if I don't, Chuck Fluharty, Mark Drabenstott, and Rick Foster will say it for me anyway just a bit later today. I've shared enough platforms with all of them to know that I'd**

**better cover my bases on this point or I'll hear about it. And they'll be right.**

**For many years, they've been among the most eloquent voices calling for new directions in rural policy. This is going to be an important challenge for the Congress in next year's Farm Bill. I obviously can't get ahead of the President and Congress on questions of programs and funding. There are many difficult policy questions to be answered.**

**But from a Rural Development standpoint I can say -- the politics aside -- that we are trying to get ahead on the underlying issues. To do that, we have recently launched a new research agenda focused on structural changes, challenges and new opportunities in the rural economy.**

**We begin with the recognition that rural America, contrary to common assumptions, is actually awash in investment capital. The Farm Balance Sheet -- one of USDA's innumerable sets of statistics -- shows \$1.9 TRILLION in farm assets and net equity of \$1.7 TRILLION.**

**Even in Washington, D.C., that's a lot of money. From our standpoint, it's roughly 1,000 times larger than our annual program budget.**

**That shows you who is the donkey and who is the tail and I hope it puts the strategy of standing in line waiting for a federal grant into proper perspective.**

**Very clearly, rural America has the assets to participate as an equity partner in the new opportunities now arising – IF we can get farmers as well as other rural investors off the sidelines. That’s what our research efforts are designed to encourage---To better understand the reluctance and challenges to doing so.**

**FIRST, we’re looking at business and investment models to enhance the ability of rural landowners and investment groups to participate.**

**SECOND, we’re starting to look at infrastructure issues: pipelines for ethanol, railroads, the requirements for gathering, storing, and moving biomass for cellulosic ethanol, and the availability of new fuels like biodiesel and E85 at the pump.**

**Third, we’re looking at the challenges of integrating distributed production into legacy systems. Wind and solar are good examples. This involves utility pricing structures and regulatory barriers.**

**And finally we recognize that there's a lot of work to do at the State and local levels where issues involving codes and standards, rights-of-way, worker education, and retraining will be decided.**

**This is a work in progress. We don't have all the answers, but we think these issues are a good place to begin. In fact, we're really looking for all the right questions.**

**We should get better at defining the key questions, and we certainly expect to share these considerations with Secretary Johanns, the White House, and the Congress as the Farm Bill debate unfolds.**

**In the meantime, however, let me conclude by thanking YOU for your interest, leadership, and perhaps down the road, your partnership.**

**I sincerely believe that with modern technology and new markets, rural America has a very bright future ahead. It's exciting to be a part of it.**

**The challenge today is to build a rural America in which those 50,000 kids in blue jackets ... and their peers who didn't make it to Indianapolis last month ... have greater opportunities -- more and better choices -- than our generation, or our fathers'. I am confident that we can.**

**Thank you.**